

Message Text

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73

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 L-03 OPIC-12 CIAE-00

INR-11 NSAE-00 RSC-01 SCI-06 FEA-02 TRSE-00 CIEP-03

OMB-01 SS-20 NSC-07 SP-03 PRS-01 DRC-01 /103 W

----- 010561

R 211744Z AUG 74

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 2199

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 5539

E.O. 11652: GDS

TAGS: EINV ENRG EC

SUBJECT: PETROLEUM: ADA CASE

REF: QUITO 5422

1. FOLLOWING IS TEXT PROVIDED BY BASTIDAS OF HIS ENCODED
TELEX TO LASSITER IN HOUSTON ON AUGUST 16. PLEASE PROTECT.

2. BEGIN TEXT:

YESTERDAY AFTERNOON WE MADE THE SCHEDULED VISIT AS PLANNED.

1. HIS REACTION TO THE DRAFT OF THE LETTER WE INTENDED TO
DELIVER WAS THAT IT WOULD CERTAINLY PROVOKE UNDESIRE AND
NEGATIVE REACTIONS BY THE ECUADOREAN GOVERNMENT.

2. HE HAS OFFICIALLY, CATEGORICALLY, BUT VERBALLY, I BELIEVE,
BEEN TOLD BY THE UNDERSECRETARY OF FOREIGN AFFAIRS, IN THE
ABSENCE OF THE MINISTER, THAT THE SUBJECT OF INVESTMENTS
MADE BY THE CONSORTIUM MOST DEFINITELY WILL BE RECOGNIZED BY
THE GOVERNMENT OF ECUADOR. THIS DECISION HAS BEEN APPROVED
BY THE PRESIDENT, THE MINISTER OF FINANCE AND OTHERS.

3. HIS RECOMMENDED COURSE OF ACTION, AND VERY LIKELY THE
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ONLY ONE, OPEN TO AVOID DIRECT CONFRONTATION IS THAT THE

REPRESENTATIVES OF THE CONSORTIUM COMPANIES MAKE EVERY EFFORT TO MEET WITH THE HIGH LEVEL COMMISSION AS SOON AS CAN BE ARRANGED TO TRY TO DETERMINE THEIR INTERPRETATION OF "USEFUL INVESTMENTS" THAT THEY ARE WILLING TO ACCEPT.

4. WE ALSO TRIED TO SEE THE MNR BUT HE WAS NOT AVAILABLE. WE WILL MEET WITH HIM TODAY.

B. COMMENTS:

IT IS OBVIOUS THAT WE WILL BE DEPRIVED OF ANY HELP WE MAY REQUIRE FROM STATE IF WE BREAK NEGOTIATIONS AT THIS POINT. THE PROBLEM, AS I SEE IT, IS THAT THE ECUADOREAN GOVERNMENT, WITH GREAT GOOD INTENTIONS, AS THEY SO HAVE TOLD EVERYBODY, ARE WILLING TO TREAT US FAIR AND SQUARE, WE CAN NOT AND SHOULD NOT BE DECEIVED AS WE HAVE BEEN SO MANY TIMES BEFORE. THE ONLY DOCUMENT WE HAVE OFFICIALLY RECEIVED IS THE "OFICIO" 74-314-MN, WHICH, EVEN IN ITS'S BROADEST SENSE DOES NOT SAY OTHER THAN THEY WILL QUOTE "STUDY THE POSSIBILITY OF WHETHER OR NOT PAY" UNQUOTE. CLEARLY THE INFORMATION GIVEN AS INDICATED IN 2 ABOVE IS NOT THE SAME. I UNDERSTAND THE POSITION TAKEN BY OUR HOST OF YESTERDAY AFTERNOON AND I DO AGREE WITH HIM ON HIS RECOMMENDED COURSE OF ACTION FOR THE TIME BEING TO BUY TIME AND POSSIBLY TO GAIN SOME MORE INFORMATION USEFUL TO OUR CAUSE IF WE CAN WAIT UNTIL AFTER THE QUALIFICATIONS PERIOD ON 8/26 TO PRESENT OUR LETTER.

ONE MORE COMMENT IS THE RESIGNATION OF THE UNDERSECRETARY OF NR, MR. MANCHENO WHO RESIGNED EFFECTIVE 8/14. HIS REPLACEMENT IS CAPT. (NAVY) ETIEL RODRIGUEZ. THIS COULD HAVE BEEN CAUSED BY MR. MANCHENO'S OPPOSED VIEWS THAN THOSE OF THE MINISTER. WE HAVE DETERMINED TODAY THE CHAIRMAN OF THE COMMISSION, IN THE ABSENCE OF THE MRN, WILL BE MR. MONCAYO, MINISTER OF FINANCE.

RECOMMENDATIONS:

A. IN ACCORDANCE WITH AND TO MEET THEIR REQUIREMENTS AS EXPRESSED ON THEIR LETTER 74-314-MN THE DOCUMENTS REQUESTED SHOULD BE PRESENTED TO THE COMMISSION:

1. THE CONCILIATION DOCUMENTS OF EACH OF THE ORIGINAL COMPANIES FORMING THE CONSORTIUM.
 2. COPIES OF THE BALANCES (END OF YEAR) OF EACH COMPANY
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ALREADY PRESENTED BY US TO THE SUPERINTENDANT OF COMPANIES WHERE EACH SHOWS ITS PROPORTIONAL PART OF THE INVESTMENTS MADE EACH YEAR.

3. EVENTUALLY, NOT NECESSARILY NOW, LETTERS OF EACH OF THE COMPANIES INFORMING THE MNR OF THE DATE EACH HAS RETIRED FROM THE CONSORTIUM WITH THE CORRESPONDING TRANSFER OF THEIR RESPECTIVE SHARES AND ASSIGNMENTS TO THE FOUR REMAINING COMPANIES.

POINTS 1 AND 2 WE WILL DO LOCALLY BUT 3 WILL HAVE TO BE PREPARED BY HOUSTON.

B. WITH THESE DOCUMENTS ON HAND, WE SHOULD THEN MEET THE HIGH LEVEL COMMISSION AS INDICATED ON PART 3 OF REPORT.

TO THIS END WE ARE VISITING THE MRN TO DETERMINE THE BEST TIME TO REQUEST SUCH MEETING. WE WILL REPORT ANY OTHER EVENTS AS THEY DEVELOP.

END TEXT.

3. WHEN I SAW BASTIDAS IN GUAYAQUIL AUGUST 19, HE TOLD ME HE HAD MET ON AUGUST 16 WITH MINISTER NATURAL RESOURCES JARRIN. AMONG OTHER THINGS, JARRIN HAD TOLD HIM THAT (AS REPORTED QUITO 5427) DATE FOR BID QUALIFICATION WOULD BE MOVED BACK TEN DAYS AND CONSELED HIM TO AWAIT HIS RETURN TO QUITO O/A AUGUST 26 TO MEET WITH COMMISSION. BASTIDAS SAID THAT HE WAS RECOMMENDING THAT THE ADA CONSORTIUM PRINCIPALS COME TO QUITO FOR THIS MEETING.
BREWSTER

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Draft Date: 21 AUG 1974
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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